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2 United States Attorney

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RICHARD W. WIEKING
CLERK
U.S. DISTRICT COURT
NO. DIST. OF CA, S.J.

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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN JOSE DIVISION

11 UNITED STATES OF AMERICA,) No. CR-03-20139 JF HRL
12)
13 Plaintiff,)
14 v.)
15 MELVIN ROSCHELLE,)
16 Defendant.)
17)
18)
19)
20)
21)
22)
23)
24)
25)
26)
27)
28)

VIOLATIONS: 26 U.S.C. § 7201 – Tax
Evasion; 26 U.S.C. § 7206(1) – Making
and Subscribing False Tax Returns

SAN JOSE VENUE

16 SUPERSEDING INDICTMENT

17 The Grand Jury charges:

18 COUNT ONE: (26 U.S.C. § 7201)

19 On or about October 14, 1997, in the Northern District of California, the defendant
20 MELVIN ROSCHELLE,
21 then a resident of Los Gatos, California, did willfully and knowingly attempt to evade and defeat the
22 income tax due and owing by defendant to the United States of America for the calendar year 1996 by
23 preparing, signing, and mailing and otherwise delivering, and causing to be prepared, signed and
24 mailed and otherwise delivered, a false and fraudulent individual income tax return, which return was
25 filed with the Internal Revenue Service, wherein it was stated that the tax due to the United States for
26 the calendar year 1996 was \$23,017.00, whereas, as he then and there well knew and believed the tax
27 due and owing to the United States for the calendar year was in truth and in fact \$26,980.84.

28 In violation of Title 26, United States Code, Section 7201.

1 COUNT TWO: (26 U.S.C. § 7201)

2 On or about October 30, 1998, in the Northern District of California, the defendant
3 MELVIN ROSCHELLE,
4 then a resident of Los Gatos, California, did willfully and knowingly attempt to evade and defeat the
5 income tax due and owing by defendant to the United States of America for the calendar year 1997 by
6 preparing, signing, and mailing and otherwise delivering, and causing to be prepared, signed and
7 mailed and otherwise delivered, a false and fraudulent individual income tax return, which return was
8 filed with the Internal Revenue Service, wherein it was stated that the tax due to the United States for
9 the calendar year 1997 was \$11,031.00, whereas, as he then and there well knew and believed the tax
10 due and owing to the United States for the calendar year was in truth and in fact \$18,353.70.

11 In violation of Title 26, United States Code, Section 7201.

12 COUNT THREE: (26 U.S.C. § 7201)

13 On or about October 15, 1999, in the Northern District of California, the defendant
14 MELVIN ROSCHELLE,
15 then a resident of Los Gatos, California, did willfully and knowingly attempt to evade and defeat the
16 income tax due and owing by defendant to the United States of America for the calendar year 1998 by
17 preparing, signing, and mailing and otherwise delivering, and causing to be prepared, signed and
18 mailed and otherwise delivered, a false and fraudulent individual income tax return, which return was
19 filed with the Internal Revenue Service, wherein it was stated that the tax due to the United States for
20 the calendar year 1998 was \$62,551.00, whereas, as he then and there well knew and believed the tax
21 due and owing to the United States for the calendar year was in truth and in fact \$77,507.78.

22 In violation of Title 26, United States Code, Section 7201.

23 COUNT FOUR: (26 U.S.C. § 7201)

24 On or about October 16, 2000, in the Northern District of California, the defendant
25 MELVIN ROSCHELLE,
26 then a resident of Los Gatos, California, did willfully and knowingly attempt to evade and defeat the
27 income tax due and owing by defendant to the United States of America for the calendar year 1999 by
28 preparing, signing, and mailing and otherwise delivering, and causing to be prepared, signed and

1 mailed and otherwise delivered, a false and fraudulent individual income tax return, which return was
2 filed with the Internal Revenue Service, wherein it was stated that the tax due to the United States for
3 the calendar year 1999 was \$87,547.00, whereas, as he then and there well knew and believed the tax
4 due and owing to the United States for the calendar year was in truth and in fact \$126,152.05.

5 In violation of Title 26, United States Code, Section 7201.

6 COUNT FIVE: (26 U.S.C. § 7206(1))

7 On or about October 3, 1996, in the Northern District of California, the defendant
8
9 MELVIN ROSCHELLE,
10 then a resident of Los Gatos, California, did willfully make and subscribe the Form 1120 – U.S.
11 Corporation Income Tax Return of Innovative Services, Inc. (ISI) for the tax year ending April 30,
12 1996, which was verified by a written declaration that it was made under penalty of perjury and was
13 filed with the Internal Revenue Service, which income tax return the defendant did not believe to be
14 true and correct as to every material matter, in that the defendant willfully omitted material information
15 concerning the taxable income reported on the return, in that on line 30 of said return, the defendant
16 claimed that the taxable income of ISI for the tax year ending April 30, 1996 was \$71,838.00, when in
17 truth and in fact, as the defendant well knew and believed, the taxable income was in truth and in fact
18 \$81,882.16 and that there was an additional tax due and owing of \$3,129.93 on said taxable income.

18 In violation of Title 26, United States Code, Section 7206(1).

19 COUNT SIX: (26 U.S.C. § 7206(1))

20 On or about December 12, 1997, in the Northern District of California, the defendant
21
22 MELVIN ROSCHELLE,
23 then a resident of Los Gatos, California, did willfully make and subscribe the Form 1120 – U.S.
24 Corporation Income Tax Return of Innovative Services, Inc. (ISI) for the tax year ending April 30,
25 1997, which was verified by a written declaration that it was made under penalty of perjury and was
26 filed with the Internal Revenue Service, which income tax return the defendant did not believe to be
27 true and correct as to every material matter, in that the defendant willfully omitted material information
28 concerning the taxable income reported on the return, in that on line 30 of said return, the defendant
claimed that the taxable income of ISI for the tax year ending April 30, 1997 was \$169,387.00, when in

1 truth and in fact, as the defendant well knew and believed, the taxable income was in truth and in fact
2 \$179,207.12 and that there was an additional tax due and owing of \$3,779.42 on said taxable income.

3 In violation of Title 26, United States Code, Section 7206(1).

4 COUNT SEVEN: (26 U.S.C. § 7206(1))

5 On or about November 9, 1998, in the Northern District of California, the defendant

6 MELVIN ROSCHELLE,

7 then a resident of Los Gatos, California, did willfully make and subscribe the Form 1120 – U.S.
8 Corporation Income Tax Return of Innovative Services, Inc. (ISI) for the tax year ending April 30,
9 1998, which was verified by a written declaration that it was made under penalty of perjury and was
10 filed with the Internal Revenue Service, which income tax return the defendant did not believe to be
11 true and correct as to every material matter, in that the defendant willfully omitted material information
12 concerning the taxable income reported on the return, in that on line 30 of said return, the defendant
13 claimed that the taxable income of ISI for the tax year ending April 30, 1998 was \$345,406.00, when in
14 truth and in fact, as the defendant well knew and believed, the taxable income was in truth and in fact
15 \$364,260.09 and that there was an additional tax due and owing of \$6,410.43 on said taxable income.

16 In violation of Title 26, United States Code, Section 7206(1).

17 COUNT EIGHT: (26 U.S.C. § 7206(1))

18 On or about September 13, 1999, in the Northern District of California, the defendant

19 MELVIN ROSCHELLE,

20 then a resident of Los Gatos, California, did willfully make and subscribe the Form 1120 – U.S.
21 Corporation Income Tax Return of Innovative Services, Inc. (ISI) for the tax year ending April 30,
22 1999, which was verified by a written declaration that it was made under penalty of perjury and was
23 filed with the Internal Revenue Service, which income tax return the defendant did not believe to be
24 true and correct as to every material matter, in that the defendant willfully omitted material information
25 concerning the taxable income reported on the return, in that on line 30 of said return, the defendant
26 claimed that the taxable income of ISI for the tax year ending April 30, 1999 was \$315,308.00, when in
27 truth and in fact, as the defendant well knew and believed, the taxable income was in truth and in fact
28 \$346,836.52 and that there was an additional tax due and owing of \$11,112.42 on said taxable income.

1 In violation of Title 26, United States Code, Section 7206(1).

2 COUNT NINE: (26 U.S.C. § 7206(1))

3 On or about January 16, 2001, in the Northern District of California, the defendant

4 MELVIN ROSCHELLE,

5 then a resident of Los Gatos, California, did willfully make and subscribe the Form 1120 – U.S.
6 Corporation Income Tax Return of Innovative Services, Inc. (ISI) for the tax year ending April 30,
7 2000, which was verified by a written declaration that it was made under penalty of perjury and was
8 filed with the Internal Revenue Service, which income tax return the defendant did not believe to be
9 true and correct as to every material matter, in that the defendant willfully omitted material information
10 concerning the taxable income reported on the return, in that on line 30 of said return, the defendant
11 claimed that the taxable income of ISI for the tax year ending April 30, 2000 was \$345,199.00, when in
12 truth and in fact, as the defendant well knew and believed, the taxable income was in truth and in fact
13 \$389,575.14 and that there was an additional tax due and owing of \$15,087.55 on said taxable income.

14 In violation of Title 26, United States Code, Section 7206(1).

15 COUNT TEN: (26 U.S.C. § 7206(1))

16 On or about September 15, 1997, in the Northern District of California, the defendant

17 MELVIN ROSCHELLE

18 then a resident of Los Gatos, California, did willfully make and subscribe the Form 1120S – U.S.
19 Income Tax Return for an S Corporation of Interior Expressions, Inc. (IEI) for the year 1996, which
20 was verified by a written declaration that it was made under penalty of perjury and was filed with the
21 Internal Revenue Service, which income tax return the defendant did not believe to be true and correct
22 as to every material matter, in that the defendant willfully omitted material information concerning the
23 ordinary income reported on the return, in that on line 21 of the 1996 corporate income tax return, the
24 defendant claimed that the ordinary income of IEI for the 1996 tax year was \$90,736.00, when in truth
25 and in fact, as the defendant well knew and believed, the ordinary income stated on said return
26 included deductions for expenses to which IEI was not entitled in the amount of \$2,375.00.

27 In violation of Title 26, United States Code, Section 7206(1).

1 COUNT ELEVEN: (26 U.S.C. § 7206(1))

2 On or about September 10, 1998, in the Northern District of California, the defendant

3 MELVIN ROSCHELLE

4 then a resident of Los Gatos, California, did willfully make and subscribe the Form 1120S – U.S.
5 Income Tax Return for an S Corporation of Interior Expressions, Inc. (IEI) for the year 1997, which
6 was verified by a written declaration that it was made under penalty of perjury and was filed with the
7 Internal Revenue Service, which income tax return the defendant did not believe to be true and correct
8 as to every material matter, in that the defendant willfully omitted material information concerning the
9 ordinary income reported on the return, in that on line 21 of the 1997 corporate income tax return, the
10 defendant claimed that the ordinary income of IEI for the 1997 tax year was \$32,696.00, when in truth
11 and in fact, as the defendant well knew and believed, the ordinary income stated on said return
12 included deductions for expenses to which IEI was not entitled in the amount of \$695.00.

13 In violation of Title 26, United States Code, Section 7206(1).

14 COUNT TWELVE: (26 U.S.C. § 7206(1))

15 On or about September 13, 1999, in the Northern District of California, the defendant

16 MELVIN ROSCHELLE

17 then a resident of Los Gatos, California, did willfully make and subscribe the Form 1120S – U.S.
18 Income Tax Return for an S Corporation of Interior Expressions, Inc. (IEI) for the year 1998, which
19 was verified by a written declaration that it was made under penalty of perjury and was filed with the
20 Internal Revenue Service, which income tax return the defendant did not believe to be true and correct
21 as to every material matter, in that the defendant willfully omitted material information concerning the
22 ordinary income reported on the return, in that on line 21 of the 1998 corporate income tax return, the
23 defendant claimed that the ordinary income of IEI for the 1998 tax year was \$34,587.00, when in truth
24 and in fact, as the defendant well knew and believed, the ordinary income stated on said return
25 included deductions for expenses to which IEI was not entitled in the amount of \$6,590.69.

26 In violation of Title 26, United States Code, Section 7206(1).

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1 SENTENCING ENHANCEMENT ALLEGATIONS

2 With respect to all counts of the Superseding Indictment:

3 (A) The tax loss exceeds \$70,000 and is comprised of the following source and amount of
4 tax loss:

5 <u>Count</u>	<u>Tax Loss</u>
6 1	\$ 3,963.84
7 2	\$ 7,322.70
8 3	\$ 14,956.78
9 4	\$ 38,605.05
10 5	\$ 3,129.93
11 6	\$ 3,779.42
12 7	\$ 6,410.43
13 8	\$ 11,112.42
14 9	<u>\$ 15,087.55</u>
15 Total:	\$104,368.12

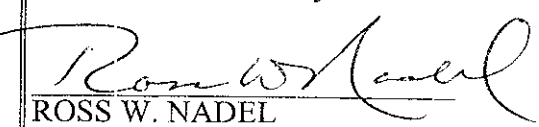
16
17 (B) Sophisticated means were used to impede discovery of the existence and extent of the
18 offenses charged in the Superseding Indictment.

19 DATED: 8-4-04

A TRUE BILL.

20
21 
22 FOREPERSON

23 KEVIN V. RYAN
24 United States Attorney

25 
26 ROSS W. NADEL
Chief, Criminal Division

27 (Approved as to Form: )
28 AUSA Emily J. Kingston

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACT - IN U.S. DISTRICT COURT

BY: ☐ COMPLAINT ☐ INFORMATION ☐ INDICTMENT
☒ SUPERSEDING

OFFENSE CHARGED

26 U.S.C. § 7201 - COUNTS 4
 26 U.S.C. § 7206(1) - COUNTS 8

☐ Petty
☐ Minor
☐ Misdemeanor
☒ Felony

PENALTY:

-26 U.S.C. § 7201 - 6 Years & \$250,000 FINE;
 3 Years SUPERVISED RELEASE; \$100 ASSESSMENT

-26 U.S.C. § 7206(1) - 3 Years & \$250,000 FINE

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

INTERNAL REVENUE SERVICE

☐ person is awaiting trial in another Federal or State Court, give name of court

☐ this person/proceeding is transferred from another district per (circle one) FRCrP 20, 21 or 40. Show District

☐ this is a reprosecution of charges previously dismissed which were dismissed on motion of:

☐ U.S. Att'y ☐ Defense

☐ this prosecution relates to a pending case involving this same defendant

☐ prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

SHOW
DOCKET NO.

MAGISTRATE
CASE NO.

Name and Office of Person
Furnishing Information on
THIS FORM

KEVIN V. RYAN

☐ U.S. Att'y ☐ Other U.S. Agency

Name of Asst. U.S. Att'y
(if assigned)

EMILY J. KINGSTON, AUSA

Name of District Court, and/or Judge/Magistrate Location
 NORTHERN DISTRICT OF CALIFORNIA

DEFENDANT - U.S.

MELVIN ROSCHELLE

DISTRICT COURT NUMBER

CR-03-20139-JF
 RICHARD W. WIEKING
 CLERK
 U.S. DISTRICT COURT
 NO. DIST. OF CA, S.J.

DEFENDANT

IS NOT IN CUSTODY

- 1) ☒ Has not been arrested, pending outcome this proceeding.
 If not detained give date any prior summons was served on above charges
- 2) ☐ Is a Fugitive
- 3) ☐ Is on Bail or Release from (show District)

IS IN CUSTODY

- 4) ☐ On this charge
- 5) ☐ On another conviction
- 6) ☐ Awaiting trial on other charges
- If answer to (6) is "Yes", show name of institution

Has detainer
been filed?

☐ Yes
☐ No

If "Yes"
give date
filed

DATE OF
ARREST

Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED
TO U.S. CUSTODY

Month/Day/Year

☐ This report amends AO 257 previously submitted

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

☐ SUMMONS ☐ NO PROCESS*

☐ WARRANT Bail Amount:

If Summons, complete following:

☐ Arraignment ☐ Initial Appearance

Defendant Address:

19992 Gist Rd
 Los Gatos, CA 95033

*Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Date/Time:

Before Judge: Richard Seeborg

Comments: